

1 **BEFORE THE INSURANCE COMMISSIONER**
2 **OF THE STATE OF CALIFORNIA**

3 In the Matter of

4 DING-FREE, INC.,

5 JAMES PEROD and

6 STEPHEN EUGENE WINANS,

7 Respondents.

ORDER TO CEASE AND DESIST (Ins.
Code § 12921.8 (a)(1 & 2))

ORDER TO SHOW CAUSE (Ins. Code
§ 12921.8(a)(3))

NOTICE OF RIGHT TO HEARING

File No's.: DISP - 06092307
DISP-2006-00038
DISP-2006-00039

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10 ORDER TO CEASE AND DESIST (§ 12921.8)

11 TO: DING-FREE, INC., JAMES PEROD, and STEPHEN EUGENE WINANS

12 YOU ARE HEREBY ORDERED, PURSUANT TO CALIFORNIA INSURANCE CODE
13 SECTION 12921.8, IMMEDIATELY TO CEASE AND DESIST FROM SELLING, OFFERING
14 FOR SALE, OR SOLICITING OTHERS TO SELL PAINTLESS DENT REPAIR
CONTRACTS;

15 STATEMENT OF FACTS IN SUPPORT OF ORDER
16 TO CEASE AND DESIST (§ 12921.8)

17 1. Respondent Ding-Free, Inc. is domiciled and does business in California. Respondent
18 James Perod is the president of Ding-Free. Respondent Stephen Eugene Winans is an agent of
19 Ding-Free.

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21 2. Ding-Free markets, distributes, sells, and acts as an obligor on a "Dent Removal
22 Contract." Ding-Free markets, sells and distributes the contracts through automobile dealerships,
23 the latter acting as sales agents of Ding-Free. Dealerships sell the contracts to buyers of new and
24 used vehicles at the time of a vehicle's purchase.

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26 3. Under the contracts, Ding-Free promises to "repair the exterior painted sheet metal body
27 panels" of covered vehicles using a paintless dent repair ("PDR") system.
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1 4. The contracts constitute insurance policies pursuant to California Insurance Code sections
2 22 and 116 (a) – (b).¹ Ding-Free has not received a certificate of authority from the Department
3 of Insurance to act as an insurance company, as required by section 700(a). Ding-Free has issued
4 PDR contracts without a certificate of authority from at least January 1, 2006, until at least the
5 date of this order.

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7 5. Perod and Winans enlist dealers to sell Ding-Free’s PDR contracts, and manage Ding-
8 Free, and thereby aid and abet Ding-Free’s transaction of insurance without a certificate of
9 authority.

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11 6. The facts recited in paragraphs 1 - 5 establish cause for issuance of the above cease and
12 desist order, pursuant to section 12921.8(a)(1) and (2), prohibiting respondents from selling,
13 offering for sale, or soliciting others to sell a PDR contract in California.

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15 ORDER TO SHOW CAUSE (12921.8)

16 7. Paragraphs 1 – 6 are realleged and incorporated into this Order to Show Cause.
17 Respondent Ding-Free is hereby ordered to show cause why the facts recited in those paragraphs
18 do not establish cause for the Commissioner to impose upon it a monetary penalty, pursuant to
19 section 12921.8(a)(3), the amount of which shall be not less than \$1,105,000 based on the days
20 Ding-Free has transacted insurance to date without a certificate of authority.

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22 8. Respondent Perod is hereby ordered to show cause why the facts recited in paragraphs 1 -
23 6 do not establish cause for the Commissioner to impose upon him a monetary penalty, pursuant
24 to section 12921.8(a)(3), the amount of which shall be not less than \$1,105,000 based on the days
25 he has aided and abetted Ding-Free to transact insurance to date without a certificate of authority.

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28 ¹ All statutory references are to the California Insurance Code unless otherwise indicated.

1 9. Respondent Winans is hereby ordered to show cause why the facts recited in paragraphs 1
2 - 6 do not establish cause for the Commissioner to impose upon him a monetary penalty, pursuant
3 to section 12921.8(a)(3), the amount of which shall be not less than \$1,105,000 based on the days
4 he has aided and abetted Ding-Free to transact insurance to date without a certificate of authority.

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7 NOTICE OF RIGHT TO HEARING

8 If you desire a hearing in this matter, your written request for a hearing must be received
9 within 14 days after you are personally served with the order. The 14 days begin to run on the
10 day after the day you are served, and if the 14th day falls on a weekend, the period
11 in which your request must be filed is extended until Monday or the next business day if Monday
12 is a holiday. Your written request for a hearing must be directed to: Jon A. Tomashoff, Senior
13 Staff Counsel, California Department of Insurance, 45 Fremont Street, 19th Floor, San Francisco,
14 California 94105.

15 IN WITNESS WHEREOF, I have set my hand and affixed my official seal this 10th day of
16 August, 2006.

17 JOHN GARAMENDI
Insurance Commissioner

18 /s/
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20 By
21 JOSE AGUILAR
Assistant Chief Counsel
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